
Oilseeds Monthly Research Report

Contents

- ❖ Executive Summary
- ❖ Outlook – Cash Market
- ❖ AW Oilseeds Index
- ❖ International Highlights
- ❖ Soybean – Domestic & International
- ❖ Balance Sheet – Soybean, India
- ❖ Soy meal
- ❖ Soybean Crush Margin
- ❖ Technical Analysis - Soybean
- ❖ Rapeseed - Mustard
- ❖ RM Seed Supply, Rajasthan
- ❖ Balance Sheet – Rapeseed-Mustard, India
- ❖ Technical Analysis – RM Seed
- ❖ Annexure – Prices etc.

Executive Summary

Soybean and soy meal declined on fag end and forecast of higher than normal seasonal rains – monsoon this season. Forecast of better monsoon after two consecutive droughts have boosted planting intention among the cultivators in kharif oilseeds.

However, the rapeseed-mustard stood firm on continued millers and stockists demand but the gains were capped by the fall in soybean. Supplies in rapeseed-mustard are gradually easing.

Argentina's soybean supply concerns after huge losses due to rains in April, bargain buying at CBOT and concerns about crop development in the US Midwest will keep the international soybean prices strong.

But, the domestic soybean and meal are expected featured losses ahead fag end with greater pace in th farmer offloading their bean stocks in the market.

Rapeseed-mustard will feature steady to firm tone on better buying in the seed but likely fall in the Malaysian palm and expectations of likely higher area under kharif oilseeds will limit the gains to some extent.

Outlook – Cash Market

Outlook - Soybean (Spot, Indore): Strength in CBOT soybean (near 2 year high) with worries about Argentina's soybean supplies will lend spillover support to the domestic soybean. However, forecast of better monsoon and good US soybean planting, higher edible oil inventories in India, weak soy meal exports from India will limit the gains in the domestic soybean. The prices are expected to feature range-bound movement and witness 3800 – 3900 levels (Indore, Plant basis).

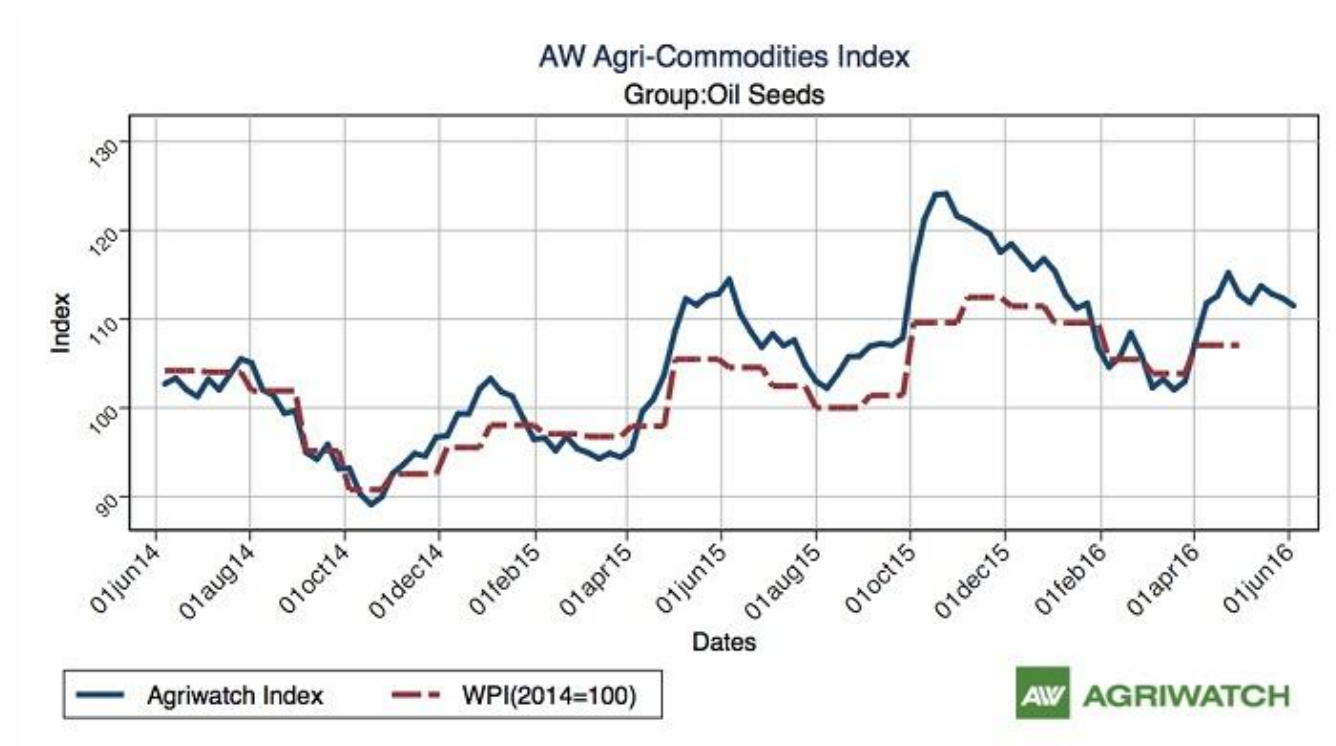
Outlook – Soy meal: Continued soy meal supply concern from the top meal exporter Argentina will keep the international meal prices strong lending support to the domestic meal market. However, weak soy meal exports from India will limit the gains. Indian meal exporters are advised to explore new markets and aggressively try to regain the lost markets of peak exports season especially traditional South and Far-East Asian destinations and Iran. The domestic meal prices are likely to feature range bound movement in near-term. Soy meal, Indore is expected to be in the range of Rs. 34,500 – 35,000/MT levels during the month.

Outlook - Rapeseed-Mustard (Spot, Jaipur basis): Strong fundamental and better buying the seed will keep the prices strong in coming days. We expect the seed prices to feature gains in near-term. The new seed prices are likely to be between 4600 – 4700; levels during the month.

AW Oilseeds Index – 05 June 2016

Higher cereals, vegetables and cotton prices led the Agriwatch Agri Commodities Index higher by 0.83% to 111.57 during the week ended June 4, 2016 from 110.64 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).

The Oilseeds Index stood at 111.51 which fell by -0.74% week-on-week.



"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website www.agriwatch.com. The daily indices are available on subscription. Please contact for more details."

International Highlights

- ❖ US processors have crushed 4.75 million tons of soybean during April, the figure is down from 4.99 million during the month of March, said USDA. Market was expecting the April soybean crush at 4.704 million tons. Soy meal inventories at the end of the month April stood at 365,653 tons up from 302,672 tons in March, while crude soyoil inventories stood at 2.049 billion pounds at April end.
- ❖ US soybean planting is 73% complete as on 29 May 2016 which is up from 68% during corresponding period last year and also above from 5 year average of 66%.
- ❖ Further, about 45% of the newly planted US soybean has emerged which is slightly up from 44% during the corresponding period last year and also up from 5 year average of 40%.
- ❖ Argentina's 2015/16 soybean harvest is in full swing supported by the dry weather after recent heavy rains, about 72.1% of 20.1 mn ha of the soybean harvesting is complete.
- ❖ Argentina's 2015/16 soybean harvest is in full swing supported by the dry weather after recent heavy rains, about 72.1% of 20.1 mn ha.
- ❖ INTL FC Stone has slashed the Brazil's 2015-16 by 1 million tonnes to 96.5 million tonnes, in its recent. Besides, Informa has lowered the Brazil's and Argentina's 2015/16 soybean production from 100.5 vs 100.1 mln t and 55.0 vs 59.5 mln t respectively.
- ❖ US soybean planting is 8% complete as on 1 May 2016 compared down from 10% in the same period last year, but up from 5 year average of 6%.
- ❖ Abiove, the Brazil's vegetable oils association has kept the Brazil's soybean production forecast unchanged at record 99.7 million tonnes. It has estimated Brazil's soybean exports at 55.3 million, unchanged from its March estimate.
- ❖ Informa Economics has lowered its forecast for US 2016 soybean planting to 84.0 million acres from its previous estimate of 85.23 million acres. However, the area is higher compared to 82.7 million acres planted in 2015.
- ❖ World supplies of soybeans are likely to increase sharply by 19 Mn T in 2015/16, despite a global prospective production decline by 3 Mn T, leading to another above-average increase in soybean crushings, reports Oil World.

- ❖ Agroconsult has projected Brazil's 2016/17 area under soybean higher by 600,000 hectares. The consultant has projected Brazil's 2015/16 soybean production at 101.7 million tonnes in its final estimate.
 - ❖ Conab, the Brazil government's crop supply agency, has raised Brazil's 2015/16 soybean crop to a record 101.18 million tonnes, which is up from 100.93 million tonnes from its previous estimate in February followed by increase in planted area and yields.
 - ❖ FCStone has increased Brazil's 2015/16 soybean production forecast to 98.6 million tonnes from 98 million tonnes in its previous estimates.
 - ❖ Again, Informa has raised its forecast for Brazil's 2015/16 soybean production in its monthly report to 101.3 million tonnes from 100.5 million tonnes last month.
 - ❖ However, it has lowered Argentina's 2015/16 soybean production forecast to 59.0 million tonnes from 60.0 million tonnes in February.
 - ❖ Brazil's Congress has passed a bill that will increase the country's biodiesel blend from its current 7% to 10% over the next three years.
 - ❖ AgRural has increased its forecast for Brazil's 2015/16 soybean to 99.7 million tonnes from 98.7 million after beneficial rains.
 - ❖ Rosario Grains Exchange has raised Argentina's 2015/16 soybean production forecast to 59 million tonnes from 58.5 million tonnes in its earlier estimates. The increase is due to the higher than expected yield in the major growing belts.
 - ❖ CRF reported that Argentina's soybean production is nearing last year's record of around 61 million tonnes. It also projected Paraguay 2015/16 soybean production at record 9.7 million tonnes which is above USDA's estimate of 8.8 million tonnes.
 - ❖ However, according to the estimates by the government agency, Argentina's 2015/16 soybean production is estimated near 60 MMT which is below last year production of 61.4 MMT.
- China is forecast to import 83 million tonnes of soybean in 2015/16 up 6% from 78.35 million tonnes previous season, compared to USDA's forecast of Chinese import of 80 million tonnes. This is due to the higher demand for animal feed.

Soybean

The domestic soybean fell on expectation of higher than normal seasonal rains – monsoon which eventually boosted the soybean planting intention among the India cultivators.

Besides, the soybean supplies have improved in recent days as farmers and the stockists are have increased offloading pace fearing further fall in the bean prices.

Most of the cultivators are done with buying the seed and land preparation for planting soybean in the states of Maharashtra, Madhya Pradesh and Rajasthan. The farmers were eagerly waiting for a couple of rain spells to start the planting.

South Indian states, Maharashtra and Madhya Pradesh have received good pre-monsoonal rains during the weekend which will certainly support the bean planting in the key growing states.

However, some area of soybean is expected to slightly shift in Urad in key soybean growing belt as the Urad prices were higher this season.

The monsoon is predicted to hit Kerala in the second week of June.

IMD in its 2nd Long Range Forecast on 2 June 2016 updated that overall India to receive higher than normal Southwest monsoon between 104% - 110% of LPA, this will lead to the stronger soybean planting intention among the farmers in the key growing states.

We expect India's overall area coverage under 2016/17 soybean at 12 million hectares.

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister has given its approval for Minimum Support Prices (MSPs) for Kharif Crops of 2016-17 season, the MSPs of all the kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 6.7% to Rs 2775/Qtl (including Rs 100 bonus) for 2016-17 season from Rs 2600/Qtl in 2015-16.

In the USDA forecast, India is expected to produce 11.7 MMT of soybean 2016/17 from 7.380 MMT in 2015/16, higher by 58 percent y-o-y. Higher production is based on normal yields. Yield is estimated at 0.97 tons per hectare, higher by 50 percent from last year and higher by 5.00 percent from 5-Year average. Harvest area is estimated at 12.00 million hectares, higher by 5.3 percent compared to last year.

Record soybean production in G3 countries including US, Brazil and Argentina has made their soy product prices competitive in the market affecting India's meal exports, further negatively affecting the crush margin.

The major buyers in Madhya Pradesh are as follows: Amrit Mandsaur, ABIS Rajnandgaon, Laxmi Solvex, Sanwariya – Itarasi, SSA Mandideep, Adani, Cargill, Adani, Bansal, Khandwa Oil, Ruchi, Agrawal Neemuch, Betul Oil, Prakash, Bajrang, Prestige, Ambuja, Prakash, Sitashri, Divya Jyoti, AV Agro, Rama Sitashri Vippy, Kriti, Mahakali, Mahalaxmi, Dhanuka, Khyati, Premier, Dhan Laxmi, Dhanuka Soy, Indian Solvent (ABIS) and Advantage Overseas (10-2-2 specification) for Dewas and Mandsaur delivery during the week.

The domestic soybean prices will extent some more losses on bearish domestic fundamentals including forecast of higher than normal monsoonal rains, lower soy meal exports, increased edible oil imports at attractive prices, lower crude bearish domestic fundamentals but strength in the international soybean and likely fresh domestic demand in bean for seeding will limit the losses in near-term.

International:

The international soybean rallied at benchmark, CBOT, and witnessed 2-year high (highest since July 2014) during the month under review.

The July CBOT soybean hit high at US \$ 11.69 per bushel but settled at US \$ 11.32 per bushel at the end of the first week of June.

A huge volume of soybean crop damage in Argentina, its supply concern, bargain buying, concerns on US crop development in the US Midwest and reports of fall in the Brazil's soybean exports to 8.69 million tonnes in May from 10.3 million tonnes in April improved the overseas demand for US soybean and its products eventually remained bullish for the international soybean.

Further, US soybean planting is 83% complete as on 5 June 2016 which is up from 77% during corresponding period last year and also above from 5 year average of 77%.

Further, about 65% of the newly planted US soybean has emerged which is up from 60% during the corresponding period last year and also up from 5 year average of 57%.

About 72% of the newly planted US soybean crop is under good to excellent conditions which up 69% during the same period last year.

US processors have crushed 4.75 million tons of soybean during April which is down from 4.99 million during the month of March, said USDA. The market was expecting the April soybean crush at 4.704 million tons.

Soy meal inventories are at the end of the month April stood at 365,653 tons up from 302,672 tons in March, while crude soyoil inventories stood at 2.049 billion pounds at April end.

U.S. biodiesel production in March rose by 13.3 percent to 119 million gallons from 105 million gallons in February. Soy oil was the largest feedstock with 464 million lbs used in March from 395 million lbs in February. Soy oil contributed 55 percent to the total biodiesel production, said U.S. Energy Information Agency (EIA) in its monthly biodiesel report in June.

Brazil's soybean exports in June are expected to fall by 20% on current position of the lineup of ships loading soybeans at the Brazilian ports. Brazil has registered a record soybean exports in recent months.

The country's soybean loadings are estimated at 5.11 million tonnes in June compared to 6.43 million tonnes during the same period last year.

Abiove have projected Brazil's 2015/16 soybean production at record 98.6 million tonnes and its exports of 55.3 million tonnes in 2016.

Argentina's soybean harvesting is expected to accelerate in June after prediction of sunny weather, water have been receded from much the fields after April floods and storms, but it is too late to save the crop. About 3.3 million tonnes or 5% (in 1.6 million hectares) of Argentine soybean have been damaged, besides crop quality is yet to quantify.

Several analysts have lowered the Argentina's soybean crop estimates to between 52 million tonnes and 57 million tonnes from about 60 million.

The Buenos Aires Grains Exchange has reduced its harvest forecast and pegged Argentina's 2015/16 soybean production at 56 million tonnes.

China is reported to stop a state soybean reserves auction, temporarily said the National Grain Trade Center. China had decided to auction 300,400 tonnes of soybean from state reserves on June 1.

China's soybean imports are estimated to set yet another record at 82 Mn T in 2015/16 and forecast to reach 84.5 Mn T in 2016/17, reported by USDA attaché in China.

Global soybean crushings are increasing to compensate the production losses in palm oil, sending the soya oil share to an almost 4-year high of 39.3%, reports the Oil World.

Oil World has stated, that the global stocks of soybeans are seen increasing by 3 Mn T to a new high of around 90 Mn T this season, approximately 28.5% of annual consumption.

Strong global soybean demand and fall in the South American supplies will boost the US soybean exports in Sep/Feb. 2016/17.

The international soybean prices are expected to remain strong on bargain buying, concerns about crop development in the US Midwest, South American supply concern after heavy rains in Argentina recently, better US crushings for short-term. However, forecast of higher than normal seasonal rains-monsoon, higher inventories of edible oils at Indian ports, poor soy meal shipments from India will limit the gains in near-term.

Balance Sheet – Soybean, India

Fig. in MnT

Soybean (Fig in Mn T) MY-Oct.-Sep.			Q3	Q4	Q1	Q2
	2014-15E	2015-16F	Oct-Dec'15 F	Jan-Mar'16 F	Apr-Jun'16 F	July-Sep 16 F
Carry In	0.32	0.23	0.23	3.83	2.12	1.13
Production	9.50	9.00	9	0	0	0
Imports	0.00	0.00	0	0	0	0
Total Availability	9.83	9.23	9.23	3.83	2.12	1.13
Processing/Crushing	9.60	9.00	5.15	1.46	0.49	0.40
Exports & Direct Consumption	0.00	0.00	0.25	0.25	0.00	0.00
Seeding/Retained for Sowing	0.00	0.00	0	0	0.5	0.5
Total Usage	9.60	9.00	5.4	1.71	0.99	0.9
Carry Out	0.23	0.23	3.83	2.12	1.13	0.23
Monthly Use	0.80	0.75				
Stock/Consumption Ratio	0.02	0.03				
Stock to Month Use Ratio	0.28	0.30				

Source: Agriwatch

- **Trade Observations: Need based buying is featured in soybean due to lower soy meal exports and higher edible oil inventories at Indian ports. The new crop supplies are gradually falling in the key cash markets.**
- We have revised down projection and pegged India's 2015-16 soybean production to 9.0 million tonnes from 11 million in preliminary estimate. This is due to the fall in potential yield output due to erratic/deficient rains during vegetative and flowering stage. Last year's soybean production is estimated at 9.5 million tonnes.
- The total availability for crushing stands at 7.5 million tonnes which translates the domestic availability of meal to 6 million tonnes and soy oil at 1.35 million.

Soy meal

Soy meal continued downtrend despite substantial gains in the international benchmark, CBOT in recent past.

The fall in domestic meal is primarily on continued weak soy meal exports and on expectations of higher soybean planting this season after forecast of above normal seasonal rains this season.

At the international benchmark, CBOT soy meal made near 2-year high. The Jul. CBOT soy meal hit high US \$ 432.5 per short ton and settled at US \$ 414.3 per short ton.

Higher international soy meal failed to lend support to the domestic meal, while weakness in domestic meal is primarily due to the weak soy meal exports on uncompetitive price.

The domestic soy meal prices fell from recent highs of 39,500 levels at Indore, in the second half of April, and it was traded in the price band of 35,000 – 36,200 level during the week in review.

The market is expecting India's May soy meal shipment figure, India had shipped about 14,045 MT of soy meal in May 2015.

India's soy meal shipments continued to be weak and it is multi-year low which registered a fall of about 73.5% in April, m-o-m, primarily on India's uncompetitive prices compared to the South American meal.

At Dhule and Sangli, Maharashtra, soy meal was quoted at Rs 37,000/MT and Rs 38,600/MT respectively compared to Rs 35,500/MT in Indore, M.P. and Rs 35,500/MT in Kota, Rajasthan last weekend. The meal prices of the various centers of Maharashtra were at premium compared to the centers of Madhya Pradesh. This is due to the freight advantage for the South-Indian poultry units from Maharashtra over Madhya Pradesh.

India's export of soy meal during May 2016 is just 10,404 tons compared to 43,173 tons in May 2015 showing a decrease of 75.9% over the same period of last year.

On a financial year basis, the export during April'2016 to May'2016 is 22,700 tons as compared to 89,562 tons in the same period of previous year showing a decrease of 75.65%.

During current Oil year, (October – September), total exports during October 2015 to May, 2016 stood at 2,08,469 tons as against 6,39,190 tons same period last year, showing a decrease by 67.38%..

Japan, USA, Myanmar, Korea, Sri Lanka and Kenya remained the top buyers of soy meal of Indian origin in May.

Lower exports are mainly due to demand shift to South America. This is mainly due to the attractive offer price compared to India.

The international soy meal market is seriously concerned about the severe disruptions of harvesting and transportation caused by inundated fields and roads in central Argentina.

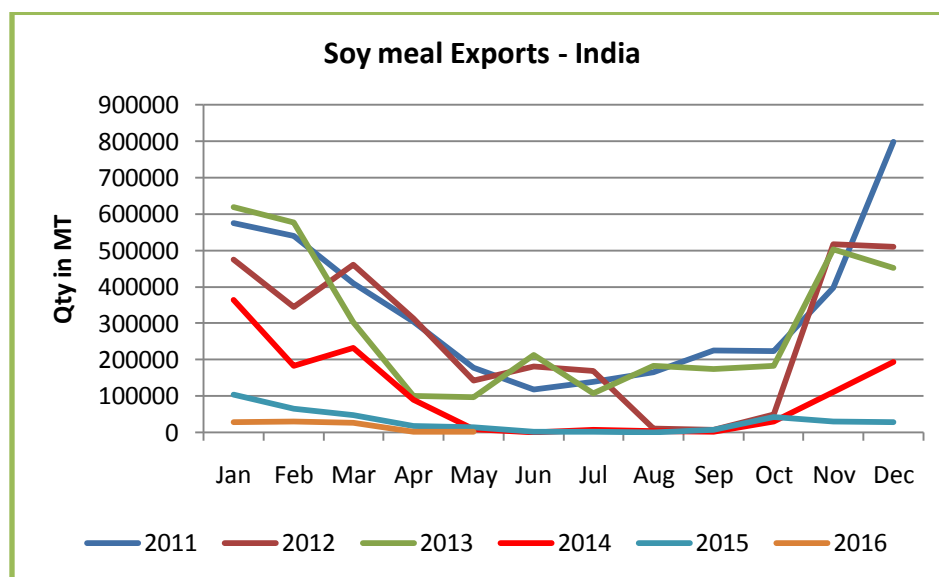
Soy meal prices continue to appreciate significantly in the first three weeks of May. Oil World reports that the global exports of soy meal are likely to at best stagnate but probably decline slightly from a year earlier in April/Sept 2016.

Oil world expects world production of soy meal to rise by about 6% to a record 163.8 Mn T in Jan/Sept 2016, allowing exports to improve by 3.2 Mn T or 7% under the lead of Argentina.

India may not be able to regain the market it lost last season due to competitive prices in South America and Chinas coupled with bearish factors.

Preference of the soy meal of Indian origin mainly by the South-East countries due to logistic and freight advantage and demand for non-GMO meal has lost the ground owing to much higher soy meal price of Indian origin compared to the South American meal. Iran, Japan, Europe, Thailand, Vietnam, Indonesia and South Korea were the major destinations for Indian soy meal exports, whose demand shifted to South America.

The soy meal prices will feature range-bound movement with weak-bias on weak exports from India, but gains in the international soy meal will limit the losses in near –term.



India's Y-o-Y soy meal prices, Indore, are higher. Soy meal export price, Indore was quoted higher between Rs 35,500– 37,500/MT during the month-May compared to Rs 35,000 – 40,000/MT during the corresponding period last year.

Soy Meal Export (In MT)

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Jan	521243	521243	240318	574996	474993	619793	364443.7	103934	7707
Feb	375098	375098	220552	540360	344240	577589	183551	64514	1127
Mar	224639	224639	163666	410537	460464	302131	232176	46670	430.1
Apr	539175	100106	60264	305033	313832	100312	75884	18017	12295
May	326875	77018	60575	176819	142588	97547	8226	14045	10404
Jun	241508	109923	98400	117600	180987	213564	2636	2098	-
Jul	282438	58268	166632	139547	168341	107038	6682	929	-
Aug	205890	127299	176138	165510	10005	183555	2778	768	-
Sep	68443	171955	290868	225921	6525	173381	868	6886	-
Oct	88723	219721	404960	223594	49840	182724	29071	4237	-
Nov	647400	297340	443488	397659	517103	503269	110806	8909	-
Dec	655882	328225	611157	798041	510698	451314	193832	5667	-
Total	4177314	2610835	2937018	4075617	3179616	3512217	843874	276674	107634

Source: SEA

India's soy meal exports are multi-year low due to the demand shift to South America, owing to the competitive meal price of South America over India's.

Soybean Crush Margin

Avg Crush Margin – May 2016		Avg Crush Margin – Apr. 2016		Avg Crush Margin – May 2015	
-1592		-895		-884	
Min	Max	Min	Max	Min	Max
-2610	-920	-2390	174	-1830	535

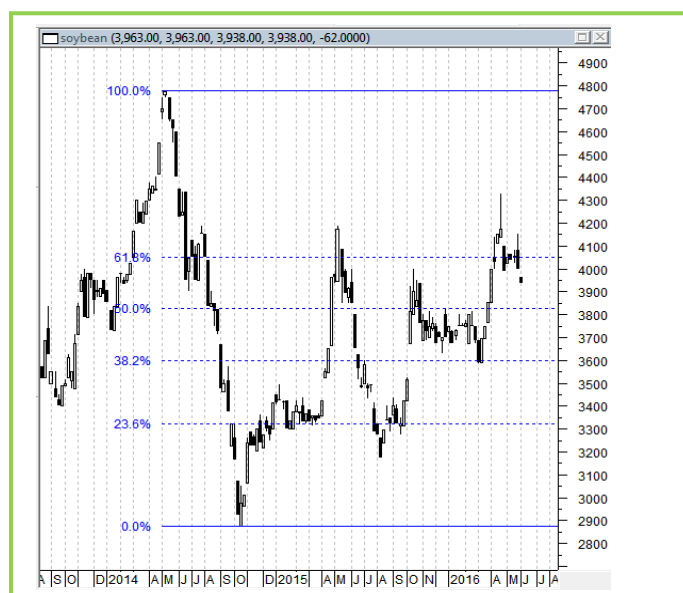
The disparity in soybean crushing in April 2016 has narrowed marginally compared to April 2015. This is successive second month after a long period that the crush margins have narrowed primarily relatively higher gain in soy meal prices, among the three beans, oil and meal. However, higher imports of cheaper edible oil and weak soy meal export sales will continue to keep the margins negative.

Technical Analysis:

NCDEX Soybean Futures



Soybean Spot, Indore



*Daily Chart

Support & Resistance NCDEX- Soybean Jul. Contract

S1	S2	PCP	R1	R2
3759	3638	3880	4107	4334

- Soybean extended losses in May on selling pressure.
- Prices closed below 40-day EMA.
- MACD is easing in the positive territory.
- RSI and stochastic are falling in neutral zone.
- Trade Recommendation (NCDEX Soybean – Jul.) – 1 Month: **SELL** Below 4000. T1 – 3900; T2 - 3800; SL –4060.

Rapeseed - Mustard Seed

The domestic rapeseed-mustard extended gains strong fundamentals with better buying support in the cash market during the month under review.

However, the gains in the seed were limited due to the weakness in soybean and in other kharif oilseeds with expectations of better kharif oilseeds planting this season on forecast of higher than normal seasonal rainfall this season.

The seed prices are ruling around Rs. 4520 – 4560 per quintal compared to Rs. 4560 – 4985 per quintal during the corresponding period last year.

Currently, the all India daily arrivals of the seed are reported between 1.7 – 1.85 lakh bags compared to around 3.0 – 3.65 lakh bags during the corresponding period last month and 2.2 – 2.4 lakh bags during the corresponding period last year.

The stockists and the crushers have covered most of their stocks in recent past at lower prices.

BMD CPO (Malaysian palm oil) and edible oil imports determine domestic rapeseed-mustard prices.

India's edible oil imports and inventories at ports continued to be higher in association with weakness in BMD CPO which is pressurizing the domestic RM seed market.

India's edible oil stocks at ports and in pipelines rose 5.63 percent m-o-m to 24.40 lakh tons in April compared to 23.10 lakh tons in March. Stocks at ports on 1st May 2016 is reported at 9.4 lakh tons (CPO 260,000 tons, RBD Palmolein 220,000 tons, Degummed Soybean Oil 330,000 tons, Crude Sunflower Oil 90,000 tons and 40,000 tons of Rapeseed (Canola) Oil) and about 1,500,000 tons in pipelines.

India's stocks at ports at pipelines of 24.40 lakh tons are estimated at 44 days of use at the end of April compared to 42 days of stocks at the end of March. India monthly use is 16.5 lakh tons for 30 days, reported Solvent Extractors Association (SEA),.

India imported 12.30 lakh tons of edible oil in April 2016 compared to 10.98 lakh tons in April 2015, higher by 12 percent y-o-y. Palm oil imports rose marginally to 7.30 lakh tons in April compared to 7.25 lakh tons in April 2015. CPO imports slowed to 3.92 lakh tons in April compared to 5.31 lakh tons in April 2015, lower by 35.5 percent y-o-y. RBD palmolein imports surged to 3.26 lakh tons from 1.88 lakh tons in April 2015, higher by 73.4 percent y-o-y.

Soy oil again registered robust imports of 3.48 lakh tons in April compared to 1.89 lakh tons of imports in April 2015, higher by 84 percent y-o-y. Sunflower oil imports slowed to 1.01 lakh tons in April compared to 1.52 lakh tons in April 2015, lower by 50.5 percent y-o-y. Rapeseed (Canola) oil imports in April were 0.51 lakh tons compared to 0.34 lakh tons in April 2015, higher by 50 percent y-o-y, said the Solvent Extractors Association (SEA),

Malaysia's May palm oil exports rose 15 percent to 1,251,695 tons from 1,088,052 tons in April. Top buyers were India at 362,980 tons (207,000 tons), European Union at 186,277 tons (134,452 tons), China at 112,750 tons

(124,368 tons), United States at 105,591 tons (80,015 tons) and Pakistan at 47,850 tons (39,890 tons). Values in brackets are figures of April 2016, said cargo surveyor Societe Generale de Surveillance (SGS).

Indonesia has kept crude palm oil export duty unchanged at USD 3.00 per ton in June. Tax will be charged at reference price above USD 750 per ton. Indonesia imposed export duty on crude palm oil for first time since October 2014 in April.

Indonesia's April palm and palm kernel oil exports rose by 20 percent to 2.09 MMT from 1.74 MMT in March.

Top buyers were India at 568,120 tons (429,910 tons), European Union at 368,770 tons (313,060 tons) and China at 149,340 tons. Values in brackets are figures of March 2016, said Indonesia Palm Oil Association (GAPKI).

Indonesia's April palm and palm kernel oil production rose by 1 percent to 2.34 MMT from 2.32 MMT in March. Indonesia's stocks of palm oil fell by 33 percent to 2.27 million tons in April from 3.02 million tons in March.

Global palm oil production will fall by almost 3.00 million tons in September 2016. Indonesia's palm oil output estimate is cut by 1.2 million tons. Malaysia's palm oil production estimate is cut by 1.5 million tons to 18.4 million tons. Consumers will get relief from July 2016. Palm oil stock buildup will possibly start from September 2016.

Outlook: The rapeseed-mustard will get stronger on fresh mustard oil demand during monsoon.

RM Seed Supply, Rajasthan

RM Seed Arrivals in Rajasthan in Bags (85 kg each).		
Monthly Arrivals– May	1 Month Ago	Corresponding Period Last Year
28,90,000	67,85,000	43,00,000

Balance Sheet – Rapeseed-Mustard Seed, India

(Fig in MnT)

Rapeseed-Mustard (Fig in Mn T) MY-Feb.-Jan.	2015-16	2016-17*F	Feb-Apr	May-Jul	Aug-Oct	Nov-Jan
Carry In	0.20	0.20	0.10	2.92	1.53	0.81
Production	5.90	5.80	5.80	0.00	0.00	0.00
Imports	0.00	0.00	0.00	0.00	0.00	0.00
Total Availability	6.10	6.00	5.90	2.92	1.53	0.81
Processing/Crushing	5.70	5.90	2.93	1.34	0.62	0.61
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Retained for Sowing & Direct Consumption	0.30	0.30	0.05	0.05	0.10	0.10
Total Usage	5.70	5.90	2.98	1.39	0.72	0.71
Carry Out/Ending Stock	0.20	0.10	2.92	1.53	0.81	0.10
Monthly Use	0.48	0.49				
Stock/Consumption Ratio	0.04	0.02				
Stock to Month Use Ratio	0.42	0.20				

(Source: Agriwatch)

- We have pegged India's 2016/17 Rapeseed-mustard outturn at 5.8 million tonnes, slightly lower by 1% compared to the 2015/16 production at 5.9 million tonnes.
- India's production is below 5 year average of around 7.0 million tonnes. This is mainly due to the fall in sown area in last couple of years.
- **Trade Observations: India is an import dependent country in edible oils, hence the oilseeds produced almost gets crushed fully, prices to remain strong in 2016-17 season due to the sharp demand in the seed.**
- India's rapeseed-mustard prices hit all time high at cash market in 2015-16 season to Rs 5,575/Qtl in Jaipur, surpassing the previous high registered in 2012 around Rs 4,653/Qtl, Jaipur basis.

Technical Analysis:

NCDEX RM Seed Futures



RM Seed Spot, Jaipur



*Daily Chart

Support & Resistance NCDEX - RM Seed Jul. Contract

S1	S2	PCP	R1	R2
4250	4100	4503	4753	4850

- Rapeseed-mustard witnessed mild losses during the month - May.
- Prices closed above 40-day EMA.
- MACD is rising in positive territory.
- RSI and stochastic are rising in neutral zone.
- Trade Recommendation (NCDEX RM Seed – Jul.) – 1 Month: **BUY** Above 4400. T1 – 4600; T2 - 4650; SL –4280.

Annexure

Oilseed Prices at Key Spot Markets:

Commodity / Centre	Prices (Rs/Qtl)				Change
Soybean	31-May-16		30-Apr-16		
	Low	High	Low	High	
Indore –Plant	3900	3975	3950	4025	-50
Indore–Mandi	3600	3800	3750	3950	-150
Nagpur-Plant	3900	3950	4200	4250	-300
Nagpur – Mandi	3400	3710	3400	3800	-90
Latur – Mandi	3591	3980	3900	4175	-195
Kota-Plant	3700	3750	3700	3850	-100
Kota – Mandi	3500	3550	3700	3800	-250
Bundi-Plant	3750	3825	3800	3850	-25
Bundi-Mandi	3700	3800	3700	3800	Unch
Baran-Plant	3800	3900	3600	3800	100
Baran-Mandi	3600	3700	3600	3750	-50
Bhawani Mandi Jhalawar–Kota-Plant Delivery	3700	3825	3800	3850	-25
Jhalwar-Mandi	3600	3750	3850	3900	-150
Rapeseed/Mustard					
Jaipur-(Condition)	4525	4530	4515	4520	10
Alwar-(Condition)	4350	4400	4200	4350	50
SriGanganagar-(Non-Condition-Unpaid)	4100	4115	3850	3950	165
New Delhi–(Condition)(New Crop)	4380	4385	4470	4475	-90
Kota-Non-(Condition)	3950	4100	4000	4100	Unch
Agra-(Condition)	4700	4750	4600	4700	50
Neewai	4200	4250	4200	4270	-20
Hapur (UP)(New Crop)	4310	4350	4200	4300	50
Groundnut Seed					
Rajkot	1100	1100	1050	1050	50
Sunflower Seed					
Gulbarga	3262	3452	3450	3595	-143
Latur	3300	3500	3400	3700	-200
Sholapur(New Crop)	3650	3700	3650	3750	-50
Sesame Seed					

Mumbai (White98/2/1	6500	6500	6950	6950	-450
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Soybean Prices are in INR/Qtl. Mandi prices – Loose, Mustard Seed Prices are in INR/Qtl.C –Condition (42%),
 *Groundnut seed in Rs/20 kg, Sunflower Seed in Rs/Qtl

Oilseed Cumulative Arrivals in Key Centres

Commodity	Centre	Monthly Arrivals in Bags/Qtl		Change
Soybean		May,16	Apr,16	
	Madhya Pradesh	827000	889000	-62000
	Maharashtra	724000	889000	-165000
	Rajasthan	379000	479000	-100000
	Bundi (Raj)	3100	5850	-2750
	Baran (Raj)	15100	18700	-3600
	Jhalawar (Raj)	31600	40800	-9200
Rapeseed/Mustard	Rajasthan	2890000	6785000	-3895000
*Soybean: 1 bag = 90 kg; RM Seed: 1 bag = 85 kg				

MSP for 2016/17 Kharif Oilseeds

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval for Minimum Support Prices (MSPs) for Kharif Crops of 2016-17 season, the MSPs of all the Kharif oilseeds are raised for this season.

The MSP of Yellow Soybean is increased by 6.7% to Rs 2775/Qtl (including Rs 100 bonus) for 2016-17 season from Rs 2600/Qtl in 2015-16, Groundnut -in- shell by 4.7% to Rs 4220/Qtl (including Rs 100 bonus) from Rs 4030/Qtl, Sunflower seed by 3.9% to Rs 3950/Qtl (including Rs 200 bonus) from Rs 3800/Qtl, Nigerseed by 4.8% to Rs 3825/Qtl (including Rs 100 bonus) from Rs 3650/Qtl and Sesamum by 6.4% to Rs 5000/Qtl (including Rs 200 bonus) from Rs 4700/Qtl.

MSP for 2015/16 Rabi Oilseeds

The Cabinet Committee on Economic Affairs has approved the Minimum Support Prices (MSPs) for Rabi Oilseeds Crops of 2014-15 season to be marketed in 2015-16 as follows: The MSP of Rapeseed/Mustard is raised by Rs. 50/Qtl to Rs. 3100/Qtl from Rs. 3050/Qtl earlier. For Safflower too it is increased by Rs. 50/Qtl to Rs. 3050/Qtl from Rs. 3000/Qtl in 2013-14.

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